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THE Demand and Price SITUATION

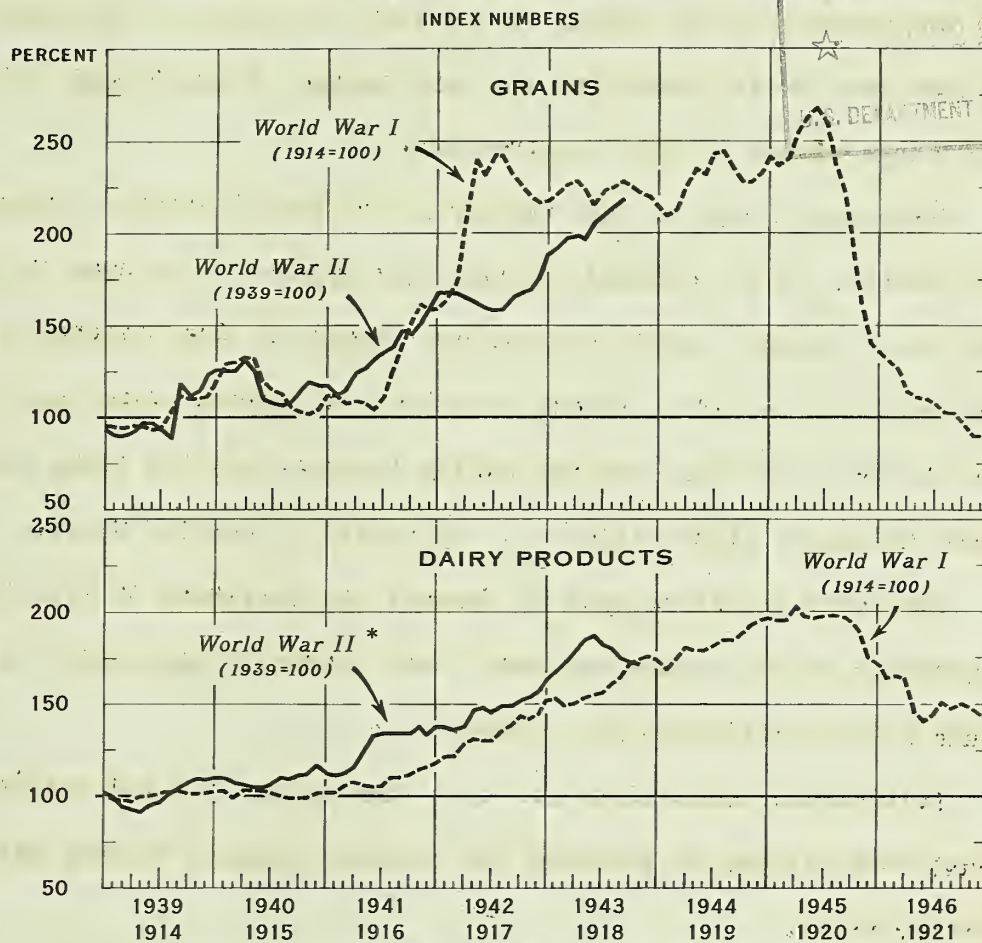
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.



DECEMBER 1943

PRICES RECEIVED BY FARMERS FOR GRAINS AND DAIRY PRODUCTS, UNITED STATES, 1914-21 AND 1939-43



* ADJUSTED FOR SEASONAL VARIATION

U. S. DEPARTMENT OF AGRICULTURE

NEG. 43428

BUREAU OF AGRICULTURAL ECONOMICS

Although the general trend of grain and dairy prices during the present war is similar to that of the first world war the short-time changes have often been very different. Short supplies of wheat and unprecedented war demand caused grain prices to more than double between July 1916 and May 1917; after which they were relatively stable for three years. In this war the rise in grain prices has been gradual but fairly steady since 1940, reflecting increasing feed requirements of our expanded livestock industry.

Until this year seasonally adjusted prices of dairy products have followed a course in this war similar to that in 1914-18. In 1943, however, actual prices of dairy products did not make the usual decline in the first half and did not rise as much as usual in the second half, causing the abnormal movement of seasonally adjusted prices shown in the chart.

SUMMARY

Demand for farm products in general is likely to be maintained or strengthened in the first part of 1944. Steady or stronger domestic demand for food is expected to result from record-breaking consumer incomes, as industrial output increases further.

Requirements for farm products for military, lend-lease, and foreign relief are expected to be larger in the next few months. Existing stock-piles have been partly earmarked for such needs. These stocks, however, are not large enough to fill requirements.

Wholesale prices of farm products have been declining gradually for several months. This downward movement now appears to be near an end. Hog prices are at support levels now but are likely to rise seasonally when market receipts drop off. Recent revisions in maximum price regulations permit higher prices for corn and Burley tobacco, and the flour subsidy is designed to enable flour millers to pay parity prices for wheat.

The index of prices paid by farmers has continued to rise slowly and the increased price of corn and feed wheat, recently announced, is expected to cause a further rise in this index.

Preliminary indications are that farm income did not decline as much as usual from October to November and totaled around 2 billion dollars in the latter month.

-- December 18, 1943

Income and Demand

Consumer incomes continue to reach new high levels. Income payments, as estimated by the Department of Commerce, were 12,538 million dollars in September (revised) and 12,775 in October. In past years, income payments have usually declined slightly from October to November and then sharply increased in December, due to quarterly dividend payments and year-end bonuses. If this pattern is repeated this year, income payments in 1943 will easily reach the total of 142 billion dollars predicted in September. Prospects now are that in the first two quarters of 1944 income payments

will be at a rate even higher than in recent months, assuming a continuation of wage and price controls and a small increase in industrial output.

The phenomenal rise in income payments in the past 2 years has been due more to increased production than to higher prices. Although the Federal Reserve Board index of industrial production has reached new high levels month after month, increases in recent months have been small. The seasonally adjusted index for October was 245, up only one point from the revised September figure. Several factors indicate that a plateau in industrial production may be reached in the next few months. Employment in nonagricultural establishments, seasonally adjusted, has shown a declining trend throughout 1943. This has been offset so far by increased efficiency in the use of labor and by diverting labor to industrial jobs from jobs less essential to the war. There is, however, a limit to these offsetting factors. Furthermore, increases in output of some goods are being offset by decreases in other lines. Contract cancellations and reduced Government purchases are of increasing importance, and many business men are adopting more conservative buying and inventory policies.

So far this fiscal year, budget receipts of the Federal Government have exceeded the forecast in the August 1 budget estimate and expenditures have been below expectations. On November 28 the Budget Bureau released revised budget estimates for fiscal year 1944. Receipts are now estimated at 41 billion dollars, up 3 billion from the August forecast, and expenditures for war at 92 billion dollars, down 8 billion. The estimate for non-war expenditures was unchanged. A deficit of about 57 billion in the current fiscal year is now anticipated, instead of the 68 billion expected in August.

The reduction of 8 billion dollars in estimated war expenditures is partly the result of savings made by contract renegotiation, but partly the fiscal reflection of difficulties in turning out some war goods in expected quantities and of changes in military requirements. Its significance in an analysis of income and demand lies in its implications for the remainder of the fiscal year: To reach the reduced total of 92 billion dollars, war expenditures in the last 7 months must average nearly 8 billion dollars a month, compared with about 7-1/4 billion a month in the first 5 months. With industrial production nearing its limit, great efforts will be required to meet military production goals in early 1944 and civilians can expect little easing in the over-all supply situation for manufactured goods in the next few months, although some goods will become more available.

Changes in consumer incomes are not the sole factors in changing demand for farm products; Government and export demands, subsidies, taxes, and rationing are also important. Purchases by the Food Distribution Administration, mostly for lend-lease and chiefly of products of agricultural origin, have been declining seasonally since midyear but are considerably higher than a year ago. Total purchases in January-October 1943 were 1.6 billion dollars, 45 percent more than in the same period last year. The United Nations Relief and Rehabilitation Administration has not yet started operations, but the demand for food produced in the United States will probably be increased by large European relief needs later in 1944. These needs will be in addition to lend-lease.

Meat rationing point values were reduced on November 19 and again on December 13 for pork and on December 5 for beef. By permitting consumers to buy more meat these reductions have helped sustain livestock prices in spite of record-breaking slaughter.

Prices

The general level of wholesale prices of all commodities has been virtually unchanged since August. Wholesale prices of commodities other than farm and food products have continued to rise slowly but steadily, but the level now is only about 20 percent higher than when war broke out in 1939. Wholesale prices of farm products, on the other hand, have been declining since June from a level two-thirds higher than in 1935-39. Recent price actions suggest that this decline has halted temporarily, at least. Among these actions are: Higher ceiling price for corn, effective December 6; higher ceiling price for Burley tobacco, effective December 4; subsidy on flour milling, effective December 1; and the cattle price stabilization program, originally scheduled to begin December 1 but now postponed until the beginning of the first accounting period after December 15 for each slaughterer. Support prices for live hogs at other markets than Chicago went into effect November 17 and prices of hogs eligible for support are now at support levels.

Prices paid by farmers have been rising slowly in recent months, the index now being only 3 points higher than in June. It is, however, 15 points, or nearly 10 percent, higher than a year ago and further increases seem in prospect. The adjustment in ceiling prices for corn and the higher price for Commodity Credit Corporation feed wheat will be reflected in the index of prices paid by farmers.

Farm Income and Prices

Indications are that total cash farm marketings in November will show somewhat less than the normal seasonal decline. With livestock marketings at record levels, the volume of sales of fruits and vegetables well maintained, and the index of prices received by farmers the same as for the month previous, cash income for November is expected to total at least 2 billion dollars.

The index of prices received by farmers for December will probably be slightly higher than for November. This will offset to some extent the expected falling off of the volume of marketings, and income may not drop as much as usual in comparison with November.

Total cash income from farm marketings for October was estimated at 2,253 million dollars, the largest amount received for any single month on record. Unusually heavy sales of meat animals and relatively large crop marketings were combined with favorable prices to bring about a relatively high cash income.

Income from both crops and livestock for the first 10 months showed gains of 26 percent over last year. Peanuts, soybeans, and poultry and eggs made the greatest increases during the period.

COTTON

The consumption of 40,781 bales per working day in October was the highest daily consumption since June 1943. However, it was less than the 1942-43 average of 43,516 bales and the October 1942 average of 44,740 by 6 percent and 9 percent, respectively. For the first quarter of the current season, consumption averaged 39,853 bales per working day. This is 10 percent less than in the corresponding quarter of last season and equivalent to an annual rate of slightly under 10.3 million bales per year. If consumption declines from the level reached in the first quarter of this season, as it did in subsequent quarters of last season, the total consumption this season will be about 10.0 million bales. This would be about 10 percent less than in either 1941-42 or 1942-43 but 3 percent higher than in 1940-41.

During the period of expanding textile output labor turn-over rates were generally moderate, and accessions exceeded separations with a resulting increase in employment. In the 5 months ended April 1942 -- in which month cotton consumption reached an all-time high of 46,142 bales per working day -- separations averaged 4.96 persons per month per 100 employed while accessions averaged 5.53 persons, a gain of 0.57 persons per month per 100 employed. Despite a rising labor turn-over rate, accessions continued to exceed separations until a peak employment of an estimated 528,000 persons in cotton manufacturing was reached in December 1942. During the 5 months May-September 1943 the average separation rate was 8.73 while accessions averaged 7.46, a net decline of 1.23 workers per month per 100 employed. These increases -- 76 percent and 35 percent respectively -- in average monthly separation and accession rates appear to be the primary factors in a lowering of cotton consumption. In other words, the increased labor turn-over has made it necessary to replace a higher and higher proportion of experienced workers with inexperienced workers. The result has been a decline in both labor efficiency and textile output. Furthermore, the total number of workers in the industry has declined from the peak of 528,000 in December 1942 to 487,000 in September, a drop of 7.8 percent in 9 months. This, too, has been an important factor in the reduction in cotton consumption.

WHEAT

Wheat prices generally have advanced since late September to the highest levels in 15 years. These high prices reflect continued demand by industrial alcohol producers in addition to that of millers, the dry condition in the western portion of the winter wheat belt, the announcement of a flour subsidy, and the anticipation of parity price ceilings on other wheats.

On December 17 market prices at Kansas City and Minneapolis were 16 and 19 cents, respectively, above prices on September 27 and about 6 cents above prices on November 17. Prices of soft red winter wheat were an exception to the general rise. After reaching a peak on about October 18, prices of this type of wheat adjusted downward about 15 cents to a ceiling level announced on November 6. Even with the recent advance, prices are below the high levels in World War I, which reflected a scarcity supply situation contrasted to the present one of relative plenty. The average price to growers for the 1942 crop was \$1.06 and in mid-November 1943 was \$1.37, compared with

\$2.05 for the 1917 crop and also for the 1918 crop. On November 19, Stabilization Director Vinson announced a flour subsidy to enable wheat flour millers to pay as high as parity prices for wheat and at the same time to sell flour for no more than the ceiling prices now in effect.

According to the December crop report the acreage sown to winter wheat is 47 million acres, which is one-fourth more than sown for the crop of either 1942 or 1943, and only 2 percent below the 1932-41 average. Much of the work of preparation of seedbeds and seeding was done under conditions unfavorable for the germination and growth of the crop, so that the crop is going into the winter in a manner that indicates heavy abandonment and relatively low yields per seeded acre. The proportion of the 1944 crop which will not be harvested for grain is indicated at 21.9 percent, compared with 10.3 in 1943 and the 10-year average of 20.6 percent. On the basis of reported condition of the crop and rainfall and temperature to date, the crop is indicated at 527 million bushels. Such a crop would be only slightly lower than the 1943 crop and 4 percent less than the 1932-41 average of 550 million bushels. Average yield per seeded acre is indicated at 11.2 bushels, much lower than in 1943, and slightly below the 11.4 average.

The wheat carry-over in the United States on July 1, 1943 was 618 million bushels and for July 1, 1944 is estimated at between 250 million and 275 million bushels. This is in sharp contrast to the 40 million for 1918 and 85 million for 1919. Large supplies and reduced exports have made available record quantities for feed and industrial alcohol production in this war, compared with small supplies, large exports, and curtailed use for all domestic purposes in the previous war. The disappearance of our 1943-44 domestic supply is now estimated as follows, in million bushels: Food 535, feed 400, seed 80, industrial alcohol 100, and exports 75. Shipments into the United States for feed purposes, July 1 to date, total about 45 million bushels. Quantities imported should be added to the quantity of domestic wheat being fed, and will increase the total disappearance in the United States by a corresponding amount. The supply of domestic wheat in 1943-44 was 1,454 million bushels, consisting of a carry-over July 1 of 618 million and a crop of 836 million.

CORN AND OTHER FEEDS

The Office of Price Administration raised the ceiling price on corn about 9 cents a bushel at Chicago, effective December 6. The new ceiling on No. 2 Yellow corn at Chicago is \$1.16 per bushel. The ceiling on No. 3 Yellow corn is \$1.13-1/2 to \$1.15-1/2, depending on moisture content. Ceiling prices also have been established for other market points.

The OPA also froze prices of oats, barley, and grain sorghums for 60 days, pending the issuance of a permanent regulation for these feeds. Oats and barley are frozen on the basis of the highest prices of the 5-day period ended December 3. Temporary grain sorghums ceilings are set at prices close to parity at the following base points: \$2.36 per 100 pounds (\$1.32 a bushel) at Kansas City; \$2.40 per 100 pounds (\$1.34-1/2 a bushel) at Texas common points; and \$2.74 per 100 pounds (\$1.53-1/2 a bushel) at Los Angeles and San Francisco.

On the same date the War Food Administration announced a series of steps to bring feed grain prices more nearly in line with each other, to use the grains as efficiently as possible, and supply more feed to the deficit areas. The steps include: (1) Elimination of the subsidy the Commodity Credit Corporation has been paying on corn moving from surplus to eastern and southern deficit areas. The necessity for the subsidy has been largely eliminated by the dairy feed payments in effect since October 1. (2) An increase of 20 cents a bushel in the price of Government feed wheat beginning December 6. As feed wheat was relatively low priced, this will tend to eliminate unnecessary hauling of feed wheat into some areas and hauling of other feed grains out of the same areas. (3) An offer to buy corn throughout December at the old ceiling price in 150 counties on the fringe of the Corn Belt where the new ceilings on corn represent a reduction in prices.

The War Food Administration also announced that, beginning December 1, the Commodity Credit Corporation would lend farmers who had met 90 percent of their war-crop goals in specified Corn Belt counties from 81 to 97 cents a bushel on 1943 corn. Last year the loans were 73 to 89 cents a bushel. Outside of the Corn Belt counties the 1943 rates will range from 81 cents to \$1.01 a bushel compared with 57 cents to 74 cents on the 1942 crop. Market prices for corn are considerably above the loan values this season, and comparatively little corn may be expected to go under loan.

FATS AND OILS

Chiefly as a result of a reduction in indicated 1943 soybean and peanut production, total production of fats and oils from domestic materials in the crop year 1943-44 now seems likely to be in the neighborhood of 11.1 billion pounds compared with about 11.3 billion pounds expected a month ago.

December 1 indications point to a production of 196 million bushels of soybeans and 2,562 million pounds of peanuts in 1943. Although lower than a month earlier, these figures indicate an increase of 5 percent and 16 percent, respectively, from the 1942 levels. The estimate of 1942 soybean production has been revised to 187 million bushels. Flaxseed production in 1943, estimated at 52 million bushels, is 27 percent greater than in 1942. Production of cottonseed in 1943 is estimated at 5.1 million tons, down 11 percent from last year.

With growing conditions somewhat less favorable this year than last, yields of flaxseed and soybeans per acre were reduced moderately, but the effect of this on production was more than offset by expansion in acreage. Peanut acreage was increased materially in 1943, and with unusually high yields per acre in the Southeastern area, the national average yield per acre was slightly greater than in 1942 despite reduced yields in the Virginia-Carolina and Southwestern areas. Both acreage and yield per acre of cottonseed were somewhat lower this year than last.

Stocks of primary fats and oils on October 31 amounted to 1,960 million pounds, 73 million pounds more than the seasonal low point reached a month earlier and 121 million pounds greater than a year earlier. Inventories will increase until early spring and probably will continue at a level above a year

earlier. The end of the war in Europe may result in additional export requirements for fats and oils, as the quantity of fats that would need to be imported into continental Europe in the 12 months following cessation of hostilities, even to restore consumption to about 3/4 of pre-war, would exceed available supplies in accessible areas outside the United States. Hence there is a distinct possibility that the supply situation for fats and oils, after becoming somewhat easier in the next few months, may grow more stringent again before the end of 1944.

LIVESTOCK AND MEATS

Hog slaughter reached an all-time high in November 1943 as indicated by federally inspected slaughter during the month of almost 7 million head. This is the largest monthly kill on record and was 39 percent greater than the number slaughtered last November. Hog slaughter was limited by the ability of packers to kill the greatly expanded 1943 hog crop being marketed at the present time. The prime limiting factor controlling hog slaughter seems to be a shortage of manpower by hog packers and pork processors. Hog marketing committees at terminal markets have been active in regulating the flow of hogs to market. Stockyards companies at some terminal markets have placed embargoes on the delivery of hogs for several days at a time. In spite of these efforts to balance hog receipts with day-to-day killer demands, it has not been unusual early in the week for many shipper-owned hogs to remain unsold in sellers' pens at the end of the trading day. Through January 1944, hog slaughter is expected to remain at or exceed the rate of slaughter reached in November.

Sales of 200 to 270-pound butcher hogs at terminal markets are at support prices. Prices of Good to Choice 200 to 270-pound butcher hogs at Chicago have remained at the support level of \$13.75 since November 10. During November and early December discounts on hogs weighing less than 200 pounds have been heavy. The differential between prices of hogs weighing over 270 pounds and 220-240-pound butcher hogs has widened during early December. The War Food Administration has announced downward adjustments in support prices to be effective until January 1, 1944, for several buying areas and markets outside the Corn Belt, where previous support prices of hogs have been higher than the normal relationship between prices at these markets, other terminal markets, and Chicago.

Total production of beef and veal under Federal inspection in November was slightly less than production during the previous month. Cattle prices at Chicago strengthened during late November and early December as receipts fell off, but the average price of all steers at Chicago for the week ended December 4 was within 15 cents of the price prevailing during the week of November 6.

Sheep and lamb slaughter under Federal inspection declined about 10 percent during November from a month earlier, but was about 9 percent above slaughter of the previous year (after an allowance has been made for new plants coming under Federal inspection). Prices of lambs at Chicago have increased rapidly since mid-November. Average prices of Good to Choice slaughter lambs

at Chicago for the week ended December 4 were \$14.37 compared with \$13.98 for the week ended November 13.

The civilian meat ration has been increased more than 30 percent for December by the Office of Price Administration. The Food Distribution Administration is also expected to increase purchases of fresh and cured meats (mainly pork) during December and the first 3 months of 1944. For these months, it has announced minimum purchase requirements of 180-190 million pounds per month.

Cattle-feeding operations for the 1943-44 season will be at a reduced scale from the previous season, but more cattle will be fed during this period than was indicated on November 1. Large receipts of cattle this fall at terminal markets and a decline in feeder and stocker cattle prices in late October caused a heavy movement of cattle into Corn Belt feed lots.

Except in Kansas, it is probable that there will be more lamb feeding in the Corn Belt this year than last. Indications are that lamb feeding for the 1943-44 season will be larger than has previously been reported due to a very large movement of lambs to feed in November.

WOOL

Restrictions on the use of wool for ordinary civilian purposes were removed by an amendment to Conservation Order M-73 on November 19. This was the culmination of a series of actions relaxing the restrictions on consumption of wool for civilian uses originally applied in January 1942. The removal of all quota restrictions will enable mills to increase the production of all-wool fabrics without limiting their total fabric output. Military requirements have declined in recent months and such requirements may continue at a reduced level in 1944. It is expected that civilian orders will make up in large part for the decline in military orders in the next several months and that capacity operations will be maintained in most mills, subject to labor and other production facilities.

Mill consumption of apparel wool totaled 918 million pounds (greasy shorn and pulled basis) in the first 10 months of 1943 compared with about 904 million pounds in the corresponding period last year. The trend in wool consumption in recent months has been downward due in part to a lack of sufficient labor to maintain operations. In view of the tight labor situation and reduced military requirements, it is doubtful that consumption will regain the record level reached in the early months of 1943.

Stocks of apparel wool held by dealers and manufacturers on September 25 totaled 544 million pounds (greasy shorn and pulled basis). The September stocks this year were about equal to stocks held at the corresponding time last year. Excluding 1942, stocks this year were much larger than end-of-September stocks in other recent years, but were not unusually large in relation to the current high rate of mill consumption. End-of-September stocks of domestic wool, however, were large, reflecting the slow movement of domestic wool into consumption in the current season. Dealers held 209

million pounds of domestic wool (grease basis) on September 25 compared with 122 million pounds a year earlier and a 5-year average (1937-41) of 118 million pounds. The 1943 total included approximately 98 million pounds of grease wool and 16 million pounds of scoured wool held for the Commodity Credit Corporation. Manufacturers' stocks of domestic wool were relatively small.

DAIRY PRODUCTS

Milk production will increase at about the usual rate during the first quarter of 1944. With milk and butterfat prices above the usual seasonal level in relation to the annual average, production will tend to increase more rapidly than normal during the second quarter, as it did in 1943. During October and November, total milk production was 2 percent below that of a year ago, and that relationship will probably be maintained during the next few months.

Because of the decline in total milk production, and because of an increased level of fluid milk and cream consumption compared with a year earlier, production of manufactured dairy products is lower than a year ago. Wider than normal seasonal fluctuations in the national output of manufactured products have occurred during the past 2 years. This has been a result of the higher level of fluid milk and cream consumption, which reduces supplies of milk for manufacture proportionately more in the fall than in the spring. It may be expected, therefore, that more than normal seasonal increases will occur in the production of manufactured dairy products from now until next spring.

With present price relationships among dairy products, it is probable that butter production will be materially lower in early 1944 than a year earlier. Production of evaporated milk and American cheese will probably be at about the same level as in early 1943. Prices received by farmers for milk have advanced less than is usual for the season. The principal advance results from the increased proportion utilized as fluid milk and cream, although some increase has occurred in prices paid by manufacturing plants. In addition to the 8 percent increase in the milk-equivalent price that has occurred since June, the feed payment adds a return of about 12 percent. Adding feed-payment returns to price increases, the whole closely approximates the normal seasonal increase of 20 percent in the milk-equivalent price.

The recent actions on feed grain price ceilings will tend to increase feed supplies for dairy production by making more corn available for shipment. If larger proportions of corn are used in mixed dairy feed, prices might be unchanged to lower. Oats, barley, and wheat have been used in relatively large amounts in mixed dairy feeds at prices higher than the new ceiling prices of corn.

POULTRY AND EGGS

Marketings of chickens have continued much larger than a year earlier, reflecting the record number of chickens raised in 1943 and large numbers culled from laying flock. Even though consumption has been at record levels,

storage stocks have been accumulating at a faster rate than a year earlier. Total storage stocks in late November were larger than a year earlier for the first time in nearly a year.

In mid-December, wholesale prices of several classes of live chickens were a little below ceiling levels and prices of some dressed birds were barely steady at the maximum permissible levels. The average price received by farmers for chickens in mid-November was 24.3 cents per pound compared with 19.6 cents in November last year. Demand for turkey continues to exceed supplies at ceiling prices.

Supplies of poultry for civilians will decline sharply in coming weeks as marketings drop off seasonally. In the first half of 1944 supplies may be a little larger than a year earlier but in all likelihood will be considerably short of prevailing demand at ceiling prices.

Egg production has begun to increase seasonally and will continue to expand until the 1944 seasonal peak is reached in April. Civilian supplies of eggs so far this fall have been somewhat larger than a year ago and in the first half of 1944 are likely to average at least as large as in the corresponding period of 1943. Ceiling prices for eggs have been dropping, according to schedule, for several weeks. But, because of seasonally larger supplies, actual prices of some grades have declined faster than the ceilings. In early December, prices of top grade eggs were the only quotations at wholesale continuing at maximum levels. In mid-November the average price received by farmers for eggs was 47.1 cents per dozen compared with 38.9 cents in November last year.

FRUIT

Plentiful supplies of fresh citrus fruit are in prospect this winter. In contrast, supplies of apples and pears will be short; cold-storage stocks of these two fruits on December 1 were considerably smaller than a year earlier -- apples 30 percent, and pears 53 percent smaller.

The citrus crop for the 1943-44 season, on the basis of December 1 indications, is expected to be the largest on record, 3 percent larger than the previous record crop harvested in 1942-43. Production of oranges and tangerines this season is estimated at 96 million boxes -- a record crop, 8 percent larger than the former record crop of last season. Production of grapefruit in 1943-44 is estimated at 49 million boxes, 3 percent less than the record production a year earlier. This season's lemon crop of 14 million boxes is 4 percent smaller than the large crop last season. New crop oranges, grapefruit, and lemons were moving to market in considerably greater volume during early December than a year earlier.

More than 1.5 million cases of canned peaches, pineapples, and figs, 6 percent of the 1943 pack of these three fruits, and 2.4 million cases of grapefruit juice, 15 percent of the 1942-43 pack of such juice, were recently released by the Government from its set-aside stocks. Even so, the civilian supply of canned fruit is only about three-fourths as large this season as last. Grapefruit juice, in contrast, is expected to be nearly as plentiful as last season.

Prices on the New York auction for apples and pears increased slightly from early November to early December; while prices for oranges, grapefruit, and lemons declined. Recent prices for apples have been at ceiling levels, but those for Florida oranges, reflecting heavy marketings, dropped moderately below ceiling levels.

TRUCK CROPS

Truck crops for fresh market shipment during this winter season are expected to be in substantially larger supply than a year earlier, based on December 1 indications. The aggregate commercial production indicated for six truck crops for harvest this winter -- lima beans, cauliflower, escarole, kale, lettuce, and shallots -- is 21 percent above that of last winter. The estimated planted acreage or intended acreage in 1944 of 15 winter and early spring truck crops is 18 percent above that in 1943. Proportionately largest increases in acreage are indicated for "winter season" kale, cabbage, and escarole -- 42 percent, 46 percent, and 62 percent, respectively -- and for "early spring" onions, 57 percent. Large increases in acreage also are reported for "winter season" cauliflower, peppers, spinach, and lettuce; for "early spring" cabbage; and for "late spring" onions.

In contrast to the increased production of truck crops in prospect for the winter and early spring seasons of 1944, storage stocks of late onions and cabbage are smaller than a year ago. Increased "winter" cabbage production may more than offset the smaller storage stocks of late cabbage. Onions, however, are expected to continue in materially smaller supply during the first quarter of 1944 than for the same period in 1943.

The general level of wholesale prices for truck crops remains approximately the same on the New York and Chicago markets as at mid-November. Prices for cabbage, onions, carrots, cucumbers, and squash have advanced; those for artichokes, broccoli, cauliflower, snap beans, celery, escarole, eggplant, and peppers have declined; and those for other truck crops have remained at about the mid-November level. Lettuce, onions, and cabbage, all under price ceiling regulations, are selling at or near ceiling levels.

DRY EDIBLE BEANS

Dry edible bean production in the United States in 1943 is estimated at 21.8 million bags (100-pound bags, uncleaned) -- a crop 15 percent larger than last year's and 52 percent above the 10-year (1932-41) average. Noncivilian requirements, however, also are substantially larger than a year ago. Consequently, civilian supplies during the marketing year 1943-44 probably will not exceed the quantity consumed in 1942-43.

The Government price support, purchase and resale, and loan programs will continue to be the dominant factors in the price situation for this crop. The average price received by farmers for dry beans November 15 of this year was \$6.06 per hundredweight or 19 percent above that a year earlier.

POTATOES

Plentiful supplies of white potatoes are in prospect for the remainder of this season. Stocks of late-crop potatoes remaining for sale after December 1 are substantially above those a year earlier. Furthermore, the

acreage of winter commercial early potatoes in Florida and Texas is estimated at 14,500 acres or about one-sixth larger than last season. Hence, supplies for civilians should be ample notwithstanding increased noncivilian requirements.

Prices received by farmers for potatoes November 15, 1943, were 23 percent higher than those received a year earlier. Prices since mid-November declined slightly. They varied from near support levels in some States to near ceiling levels in others.

TOBACCO

Prices paid growers for most types of tobacco continue above the relatively high levels of last season. Practically all of the 1943 crop of flue-cured has been sold at an average price of approximately 40 cents per pound, the highest since 1919. Although the average price is below the 41-cent maximum permitted by the OPA regulation, there has been considerable pressure at times against the ceiling.

Sales of burley began December 6. Prices the first 3 days averaged 47 cents, 10 cents above the opening last year. The crop has been allocated to buyers on a basis similar to last year, and price ceilings by grades are again in effect. Following the trend of the past several years the largest price increases in both burley and flue-cured have been in low-grade tobaccos.

Prices for the first few days of sale of One Sucker (type 35), Green River (type 36), and Virginia sun-cured (type 37) were considerably above those paid on the opening days last year. A factor tending to strengthen prices of these dark tobaccos is the Government's program of diverting certain grades into the manufacture of nicotine sulphate and nicotine alkaloids. In addition to those grades reserved for this purpose from the 1942 crop, others have been added. Subsidies up to 12-1/2 cents per pound are being paid manufacturers in order that these insecticides may be manufactured and sold under existing price ceilings.

The record demand for leaf tobacco reflects the high level of domestic manufacturing and consumption of tobacco products. Also, exports are above the level of last year. Following the usual response to rising individual incomes, per capita consumption in this country will probably reach a new all-time peak (near 9 pounds) during 1943. Cigarette consumption is at the highest on record but tending to level off. Consumption of cigars, chewing and smoking tobacco, as indicated by sales of revenue stamps, however, is below last year. Actually, production and consumption of tobacco products exceeds tax-paid withdrawals by a considerable margin due to the large tax-free shipments to the armed forces outside the United States.

As a result of increased domestic requirements, substantial lend-lease shipments, and other exports, stocks of most tobaccos are below a year ago. Additions to manufacturers' stocks through purchases of the 1943 crops will not equal the season's disappearance by a considerable margin. In relation to demand, the supply is probably the lowest on record. In recognition of the existing situation, the War Food Administration has announced that individual farm marketing quotas and acreage allotments for burley and flue-cured will be increased by 20 percent over 1943. (There will be no quotas or allotments for other types of tobacco.) The high prices paid for this

season's crop and the increased allotments for 1944 should result in considerably increased production next year. Land suitable for tobacco in most areas is adequate to meet the desired increase in production. Also, more fertilizer, with the exception of potash, will be made available to farmers generally. Potash, however, is an important element in the growth of tobacco. Smaller supplies of labor and the pressure for increased production of food crops also may be restraining influences.

The outlook for foreign markets, though still dominated by war, is more favorable than a year ago. Exports probably will be in considerably larger volume but shipments on a lend-lease basis will be less. Only one-third of the purchases of the Commodity Credit Corporation will be for lend-lease; the remainder, for civilian use in Allied and neutral countries, will be for cash.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUS- TRIAL PRO- DUCTION ¹	FACTORY EMPLOY- MENT ²	FACTORY PAY ROLLS ²	INCOME OF IN- DUSTRIAL WORKERS ³	CASH INCOME FROM FARM MAR- KETINGS ⁴	WHOLE SALE PRICES OF ALL COMMOD- ITIES ⁵	RETAIL FOOD PRICES ⁶	COST OF LIVING URBAN ⁷	PRICES RECEIVED BY FARMERS ⁸	PRICES PAID BY FARMERS ⁹	PRICES PAID BY FARMERS, INTEREST AND TAXES ⁹	RATIO OF PRICES RE- CEIVED TO PRICES PAID INCL. INTEREST AND TAXES
Base Period	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1935-39	1910-14	1910-14	1910-14	1910-14
1929	110	108	127	134	142	118	133	123	146	154	167	87
1930	91	94	103	110	113	107	126	119	126	146	160	79
1931	75	80	78	84	80	91	104	109	87	126	142	61
1932	58	68	54	58	59	80	86	98	65	108	124	52
1933	69	75	58	61	67	82	84	92	70	108	120	58
1934	75	88	75	76	79	93	94	96	90	122	129	70
1935	87	93	85	86	89	99	100	98	108	125	130	83
1936	103	101	99	100	105	100	101	99	114	124	128	89
1937	113	111	118	117	111	107	105	103	121	131	134	90
1938	89	93	91	91	96	98	98	101	95	123	127	75
1939	109	102	106	105	99	96	95	99	92	121	125	74
1940	125	110	122	119	105	98	97	100	98	122	126	78
1941	162	135	178	169	140	108	105	105	122	131	133	92
1942	199	155	258	238	194	123	124	117	157	152	151	104
1942-												
Nov.	220	165	298	271	224	124	131	120	169	156	155	109
Dec.	223	168	306	278	226	125	133	120	178	158	156	114
1943-												
Jan.	227	168	310	281	224	126	133	121	182	160	157	116
Feb.	232	170	317	287	240	127	134	121	178	162	159	112
Mar.	235	171	324	295	260	128	137	123	182	163	160	114
Apr.	237	171	330	300	261	129	141	124	185	165	162	114
May	238	171	334	302	258	129	143	125	187	167	163	115
June	236	172	338	304	256	129	142	124	190	168	164	116
July	240	173	336	306	256	128	139	124	188	169	165	114
Aug.	242	174	343	312	266	128	137	123	193	169	165	117
Sept.	244	174	349	316	242	128	137	124	193	169	165	117
Oct. ¹⁰	245	174	355	318	250	128	138	124	192	170	166	116
Nov. ¹⁰	--	174	--	--	--	128	137	124	192	171	167	115

¹Federal Reserve Board, adjusted for seasonal variation. 1939 to date revised October 1943.²Based on Bureau of Labor Statistics data. Seasonal fluctuations in factory employment and pay rolls appear to have been largely eliminated since the United States entered the war; accordingly, no adjustments for seasonal variation have been made since December 1941.³Includes factory, railroad, and mining employees. Adjusted for seasonal variation.⁴Adjusted for seasonal variation.⁵Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.⁶Bureau of Labor Statistics.⁷Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.⁸August 1909-July 1914 = 100.⁹Annual figures are straight averages of 12 monthly indexes, 1923-41.¹⁰Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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